



Date: August 1, 2006

To: Workforce Development Board Executive Directors
Job Service Supervisors
Job Service Directors
ASSET User Group Representatives

From: Gary Denis, Acting Director
Bureau of Workforce Programs

Subject: **Workforce Investment Act (WIA) Policy Update 06-05 – Supplemental Employment Data**

Purpose

The policy provides guidance to Workforce Development Boards (WDBs), Job Service and Trade Adjustment Assistance (TAA) program directors regarding the use of supplemental employment data for Workforce Investment Act (WIA) Title I, WIA Title 3 and TAA performance measures. This policy update rescinds and replaces DWS WIA Policy Update 04-07 which was issued on November 30, 2005.

Legislative/Regulatory References

- Training and Employment Guidance Letter (TEGL) 17-05
- Workforce Investment Act 20 CFR §666
- WIA Policy Update 04-07 Supplemental Employment Data

Background

On February 17, 2006, the U.S. Department of Labor (U.S. DOL) issued TEGL 17-05 which details its common performance measures policy. This policy continues to recognize that not all employment is covered by Unemployment Insurance (UI) wage reporting requirements, and allows states to report uncovered employment as determined through evidence of supplemental employment data. The policy also expands the application of supplemental employment data to computing TAA and Wagner Peyser performance measures.

Supplemental employment data has different applications in the calculation of the various measures. If a participant is not found in the UI wage record, supplemental data sources may be used to determine employment status. That individual is included in the calculations for the entered employment, employment retention, and employment and credential attainment measures. For the average earnings and earnings change measures, if a participant is not found in the UI wage record and other sources are used to verify the individual's employment status, the individual is excluded from the earnings measures' numerators and denominators.

Obtaining employment verification and documentation has proven difficult and time consuming for case managers and WDB program staff. In recent years, organizations that provide employment verification services have appeared. In exchange for certain participant information

including a social security number, these services will obtain confirmation of employment and supply that information to the requesting organization. This policy includes an attachment with guidance on working with these types of services.

Policy

In order to most accurately report participants successfully served by WIA Title 1, Title 3 and TAA in the program performance measures, the Department of Workforce Development, Division of Workforce Solutions (DWD/DWS) implemented a process for identifying and reporting supplemental employment data in Program Year (PY) 03-04.

WDBs, case managers and program staff are encouraged to obtain and document supplemental employment data for exited program participants who are not found in the UI Wage Record. Supplemental employment data will be applied to applicable U.S. DOL-required performance measures when UI wage record data is not available for a participant and another acceptable source of data can document that the individual is employed.

Such circumstances may include individuals who are:

- a. Self-employed (e.g., agricultural worker, consultant, barber, cosmetologist);
- b. Non-covered employees (e.g., federal employees, such as military, postal service, railroad);
- c. Employed out-of-state (Note: The Wage Record Interstate System [WRIS] may capture this data.)

DWS does not require any local program to obtain supplemental employment data. The decision to obtain and report this information is subject to each local program's discretion and available resources. Gathering this information is labor intensive and the results do not always guarantee improved performance outcomes. The ideal time to obtain supplemental employment data is during follow-up contacts with exited participants. If case managers wait until notified that the data is needed, it may be impossible to get the necessary information, because the participant may have exited as long as two years ago.

Further guidance that details the effect supplemental employment data has on each performance measure is discussed in the Supplemental Employment Data Technical Assistance Guide, which is available on the DWD website at:

http://dwd.wisconsin.gov/dwdwia/PDF/supplemental_data_tag.pdf .

Data sources and documentation

Acceptable supplemental employment data can be obtained through case management, follow-up services, or participant survey activities. It can be factored into the appropriate performance measures if written documentation of that employment is obtained and retained in the participant's local file. DWS takes advantage of computer records from automated record matching recognized by the U.S. DOL such as the WRIS and the Federal Data Exchange System (FEDES). A survey or telephone response from a participant must be accompanied by a written document, such as a Federal W-2 form, pay stub(s), or 1099 form covering the period(s) called for by the pertinent performance measure(s). For self-employed individuals, written verification from major clients is also acceptable documentation. Verification from employers must include dates of employment, name of the employer or a designated representative, and employer contact information if additional information is needed. Employers do not have to provide details on wages paid.

Federal policy stipulates that supplemental employment data must be reported within 30 days after the individual was found missing in the UI wage record. Supporting documentation must be retained as part of the local participant record. Staff must remember that if supplemental employment data is reported in the first quarter after exit, they are committing a participant to inclusion in the employment retention and earnings change performance measures. This means supplemental employment data must also be obtained in the second and third quarters after exit, unless the participant obtains UI covered employment in those quarters.

Failure to properly document supplemental employment data will result in the issuance of monitoring findings and adjustments to performance measures. Incentive awards may be rescinded if a WDB's performance renders it ineligible for the incentive award without the undocumented supplemental employment data.

Acceptable documentation includes:

1. Participant's W-2 form;
2. Pay check stub;
3. IRS form 1099;
4. IRS form 1040, Schedule C, Profit or Loss from Business (Sole Proprietorship);
5. IRS form 1099-B, Proceeds from Broker & Barter Exchange Transactions;
6. A letter from an employer verifying that the participant was employed during the performance measure reporting quarter(s);
7. Wisconsin form PRA-012, Premier Resort Area Tax Return;
8. Wisconsin form St-12 - Sales and Use Tax Return;
9. IRS 2099, Schedule C-EZ, Net Profit from Business;
10. IRS form 1040, Schedule SE, Self-Employment Tax;
11. Wisconsin form EX-012, Local Exposition Tax Return; or
12. Wisconsin form S-220a, Schedule P, Attachment to Form BCR, Buyer's Claim for Refund of Wisconsin State County and Stadium Sales Taxes.
13. Verification from professional employment matching services (see Attachment 1).
14. Confirmation from DWS that employment was verified using FEDES Postal Service, Department of Defense or U.S. Office of Personnel Management employment data.

If the participant is self-employed and provides an IRS 1040, the form must be accompanied by IRS Form 1040, Schedule C at a minimum. An IRS 1040 will be accepted as proof of employment in all quarters after exit, IF the participant provides copies of the IRS forms for the two consecutive years in which performance is measured. This is necessary because the performance measures cross over calendar years (e.g., April 1, 2004 - March 31, 2005 and October 1, 2004 - September 30, 2005).

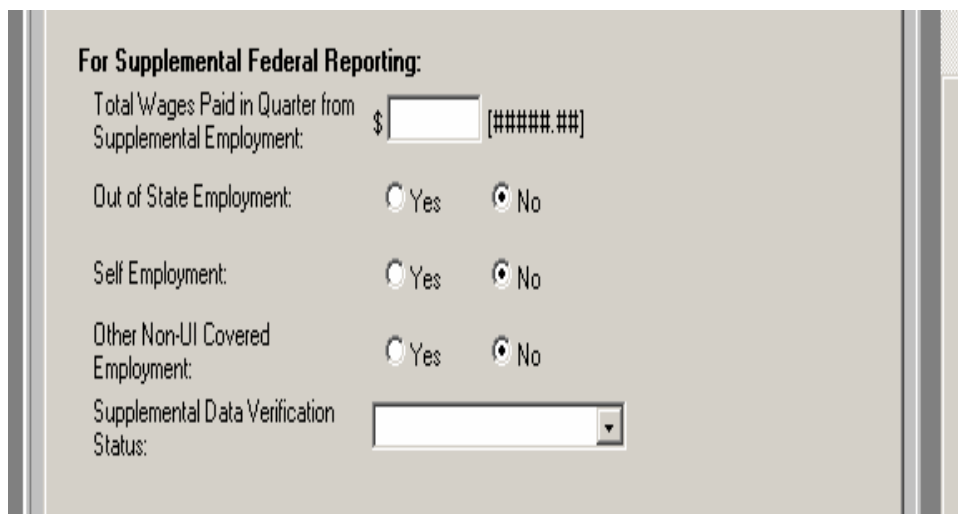
This documentation list may not be complete. If local staff have any questions about a particular document, they may request an opinion from DWS staff through their Local Program Liaison. If an employer is reluctant to send verification to the case manager because of earnings or wage disclosure concerns, it is acceptable for the employer to omit the earnings or wage information. The data that is needed are the dates of employment, the name of the employer, and contact information should additional questions arise.

ASSET Reporting

In PY04, DWS launched the Supplemental Data report in the Automated Systems Support for Employment and Training (ASSET) system. This report is updated each quarter following the wage record cross match with both UI and the WRIS. FEDES data is treated as supplemental employment data. If a participant enters military service, the case manager may contact DWS for verification and the necessary documentation. Case managers should try to obtain employment information during follow up contacts with participants in the first, second and third

quarters after exit. After that time, it may be difficult to locate the individual or to obtain the necessary documentation.

Please note that if WDB, Job Service, Veterans or TAA staff choose not to report supplemental employment data, ASSET Follow-Up Status screen section shown below must not be completed.



For Supplemental Federal Reporting:

Total Wages Paid in Quarter from Supplemental Employment: \$ [#####.##]

Out of State Employment: ☐ Yes ☒ No

Self Employment: ☐ Yes ☒ No

Other Non-UI Covered Employment: ☐ Yes ☒ No

Supplemental Data Verification Status:

The following steps detail how the on-line report can be accessed and supplemental employment data is reported. These steps should only be followed if the local program is committed to full reporting of supplemental employment data in all post-exit performance measure quarters.

1. System Reports:
 - a. Select Supplemental Data Report.
2. Select Sort Criteria:
 - a. Participant Name, PIN, Exit Date or Exit Quarter.
 - b. Ascending/Descending Order.
 - c. Job Center.
 - d. Program (WIA Title 1, Title 3 or TAA).
3. Press Submit or Download to obtain complete list.
4. Click on the participant's PIN, which will take you directly to the follow-up summary.
5. Select Follow-Up Status:
 - a. Select the program for which supplemental data is requested.
 - b. Select the appropriate quarter tab(s).
6. Scroll to "For Supplemental Federal Reporting":
 - a. Wages are not a required element.
 - b. Select the appropriate type(s) of employment (out-of-state, self-employment or other).
 - c. Select Supplemental Data Verification Status.

Note: If the Verification Status field is left blank or "Not Verified" is selected, the supplemental data will not be used. All other responses allow DWS to use the data in performance measure reporting. All reported supplemental employment data will be validated during program monitoring or the data validation process.

7. If case managers cannot enter data due to time limitation edit checks, they may submit a request via the ASSET Staff Request function.

Action Required

This policy is effective July 1, 2006. If you have questions about the policy or its implementation, contact Nancy Bryan at (608) 266-0249, nancy.bryan@dwd.state.wi.us

Questions and Technical Assistance

Attachment 1 contains guidance on the use of employment verification services. Attachment 2 provides detail and examples of how the Supplemental Employment Data Policy would be applied to the earnings change measures in various situations.

Attachment

cc: Local Program Liaisons

Attachment 1

Internet-Based Employment Verification Services

A few months ago, DWS learned that there is an organization called "The Work Number" that provides employment verification services to employers, human resources staff, State and County social service agencies and other publicly funded agencies. The service is managed by the TALX Corporation and is accessible via the Internet. WDB staff asked if this service could be used as an acceptable resource for documentation and verification of supplemental employment data. There may be other entities that provide similar services.

The Work Number verifies employment histories and status for individuals employed by a large number of private and public sector employers. It was originally created as a way for private sector employers to exchange employment history information about prospective employees. The Work Number has expanded to allow representatives from a variety of agencies, including WIA, to use the service. In February 2006, there were two levels of service: Express, which is free and Enhanced which provides more detailed information for a fee.

DWS had a number of concerns regarding this service because it requires the disclosure of social security numbers to obtain employment information. Staff consulted with U.S. DOL, other States, DWD Legal Counsel and the TALX Corporation's sales representative. Based on these discussions DWS has come to the following conclusions:

1. There is no specific prohibition under current State or Federal confidentiality laws that addresses the sharing of a social security number with an organization that has been granted permission by employers to disclose information about its employees.
2. Local staff who subscribe to services such as The Work Number do so at their own risk. DWS will not intercede or advocate on behalf of a local board if the service fails to provide promised services to the WDB.
3. Most citizens likely have no idea that such a service exists and that it is accessible by a wide variety of program operators.
4. Unemployment Insurance representatives in other States that have received employment information from these resources indicate that the earnings information isn't reliable. Employers are not compelled to be truthful when they disclose employee information to these organizations.
5. Organizations that provide these services can be used by WIA and TAA staff as a resource for obtaining supplemental employment data and documentation on exited participants, subject to the conditions listed below:
 - Release of information forms signed and dated by program participants must specifically reference the organization that will be contacted and what information will be exchanged. The participant must be advised that this contact will occur and why.
 - All information must be treated the same way as other confidential information that is stored locally in participant folders.

- A copy of the signed and dated release, as well as any employment information obtained, must be placed in the participant folders and made available for DWS monitoring and validation, since this data will be used in performance measure computations. The verification from the service must contain the participant's name, dates of employment and the employer's name and contact information (mailing address is acceptable).
- While earnings information is often provided as part of the verification process, only UI Wage Record and Wage Record Interchange System (WRIS) data will be used for computing earnings-related performance measures. Disputes over performance results will be resolved based on data obtained from the UI Wage Record and WRIS, regardless of reported earnings obtained through alternative resources such as The Work Number.

ATTACHMENT 2
Supplemental Employment Data Policy
Further Details and Implementation Examples

Specific customer file examples and the U.S. DOL Office confirmation of answers are provided below to illustrate how supplemental earnings data affects the Adult and Dislocated Worker Average Earnings measures. These same criteria minus references to second quarter employment retention will apply to the Older Youth Earnings Gain measure, which did not change for PY06.

REMINDER: UI wage records will be the only data source for the earnings measures. Therefore, individuals whose employment in the first, second **AND/OR** third quarter after exit was determined from supplemental employment data sources, and not from UI wage records, are excluded from the measure. The role of the "first, second AND/OR third quarter" filter plays a key factor in determining the exclusions for the denominator.

- #1 Jane Doe: Has no earnings in Quarter (Q)1, Q2 and Q3.
Answer: May not necessarily be excluded from the denominator. Jane may have appeared in the UI wage file and earned \$0.00 in all three quarters. This would be a unique scenario, but the presence of Jane in the UI wage file in Q1, Q2 and Q3 after the exit quarter would put her in the measure. Otherwise, if Jane was not found employed in the first quarter after the exit quarter (whether through UI or supplemental), she would definitely be excluded from the measure.
- #2 Anne Zee: Has UI earnings in Q1 and no earnings in Q2 or Q3.
Answer: Exclude from the numerator and denominator.
- #3 Bob Wye: Has supplemental employment data in Q1, no earnings in Q2 or Q3.
Answer: Exclude from the numerator and denominator.
- #4 Mary Gee: Has UI earnings in Q1 and Q3; no UI earnings and no supplemental employment data in Q2.
Answer: Exclude from the numerator and the denominator.
- #5 Paul Eff: Has supplemental employment data in Q1, Q2 and Q3; no UI earnings.
Answer: Exclude from the numerator and the denominator.
- #6 Pam Kay: Has UI earnings in Q1, Q2 and Q3; has supplemental employment data in Q1, Q2 and Q3.
Answer: Include in the numerator and denominator. Only the UI earnings are used in the post-program part of the numerator.
- #7 Mark Cee: Has UI earnings in Q1, UI earnings in Q2 and supplemental employment data in Q3.
Answer: Individual is excluded from the measure because employment in Q3 was determined through supplemental sources AND Mark was not found employed using the UI wage file.
- #8 Phil Enn: Has UI earnings in Q1, supplemental employment data in Q2, and UI earnings in Q3.
Answer: Individual is excluded from the numerator and denominator.

- #9 Ali Eye: Has UI earnings in Q1, Q2 and Q3; has supplemental employment data in Q1; no supplemental employment data in Q2 or Q3.
Answer: Individual is included in the numerator and denominator. Only the UI earnings are used for the post-program part of the numerator.
- #10 Bill Eff: Has UI earnings in Q1, Q2 and Q3; has no supplemental employment data in Q1, has supplemental employment data in Q2, and no supplemental employment data in Q3.
Answer: Individual is included in the numerator and denominator. Only the UI earnings are used for the post-program part of the numerator
- #11 Judy Ell: Has supplemental employment data in Q1, UI earnings in Q2 and UI earnings in Q3.
Answer: Individual is excluded from the measure because Judy's employment in Q1 was determined through supplemental sources AND Judy was not found employed using the UI wage file in that same quarter.
- #12 John Bee: Has supplemental employment data in Q1, supplemental employment data in Q2, and UI earnings in Q3.
Answer: Individual is excluded from the measure because John's employment in Q1 was determined through supplemental sources AND John was not found employed using the UI wage file in that same quarter.
- #13 Tom Ewe: Has supplemental employment data in Q1, UI earnings in Q2, and supplemental employment data in Q3.
Answer: The individual is excluded from the measure because Tom's employment in Q1 was determined through supplemental sources AND Tom was not found employed using the UI wage file in that same quarter.